



# The Global Economic & Financial Crisis: A Timeline

**Mauro F. Guillén**  
**Director of the Lauder Institute**  
**guillen@wharton.upenn.edu**

**Wednesday, February 7, 2007:** HSBC announces losses linked to U.S. subprime mortgages.

**Tuesday, April 3, 2007:** New Century Financial, which specializes in sub-prime mortgages, files for Chapter 11 bankruptcy protection and cuts half of its workforce.

**Thursday, May 17, 2007:** Federal Reserve Chairman Ben Bernanke said growing number of mortgage defaults will not seriously harm the U.S. economy.

**Wednesday, June 2007:** Two Bear Stearns-run hedge funds with large holdings of subprime mortgages run into large losses and are forced to dump assets. The trouble spreads to major Wall Street firms such as Merrill Lynch, JPMorgan Chase, Citigroup and Goldman Sachs which had loaned the firms money.

**July 2007:** Investment bank Bear Stearns tells investors they will get little, if any, of the money invested in two of its hedge funds after rival banks refuse to help it bail them out.

**Thursday, August 9, 2007:** Investment bank BNP Paribas tells investors they will not be able to take money out of two of its funds because it cannot value the assets in them, owing to a "complete evaporation of liquidity" in the market. The European Central Bank pumps 95bn euros (£63bn) into the banking market to try to improve liquidity. It adds a further 108.7bn euros over the next few days. The US Federal Reserve, the Bank of Canada and the Bank of Japan also begin to intervene.

**Friday, August 17, 2007:** The Fed cuts the rate at which it lends to banks by half of a percentage point to 5.75%, warning the credit crunch could be a risk to economic growth.

**Tuesday, August 28, 2007:** German Sachsen Landesbank faces collapse after investing in the sub-prime market. The bank is rescued by its competitor Baden-Wuerttemberg Landesbank.

**Monday, September 3, 2007:** German corporate lender IKB announces a \$1bn loss on investments linked to the US sub-prime market

**Tuesday, September 4, 2007:** The rate at which banks lend to each other rises to its highest level since December 1998. The so-called Libor rate is 6.7975%, way above the Bank of England's 5.75% base rate; banks either worry whether other banks will survive, or urgently need the money themselves

**Thursday, September 13, 2007:** The BBC reveals Northern Rock has asked for and been granted emergency financial support from the Bank of England, in the latter's role as lender of last resort. Northern Rock relied heavily on the markets, rather than savers' deposits, to fund its mortgage lending. The onset of the credit crunch has dried up its funding.

**Friday, September 14, 2007:** Depositors withdraw £1bn from Northern Rock in what is the biggest run on a British bank for more than a century. They continue to take out their money until the government steps in to guarantee their savings.

**Tuesday, September 18, 2007:** The US Federal Reserve cuts its main interest rate by half a percentage point to 4.75%.

**Wednesday, September 19, 2007:** After previously refusing to inject any funding into the markets, the Bank of England announces that it will auction £10bn.

**Monday, October 1, 2007:** Swiss bank UBS is the world's first top-flight bank to announce losses - \$3.4bn - from sub-prime related investments. The chairman and chief executive of the bank step down. Later, banking giant Citigroup unveils a sub-prime related loss of \$3.1bn. A fortnight on Citigroup is forced to write down a further \$5.9bn. Within six months, its stated losses amount to \$40bn.

**Tuesday, October 30, 2007:** Merrill Lynch's chief resigns after the investment bank unveils a \$7.9bn exposure to bad debt.

**Thursday, December 6, 2007:** US President George W Bush outlines plans to help more than a million homeowners facing foreclosure. The Bank of England cuts interest rates by a quarter of one percentage point to 5.5%.

**Thursday, December 13, 2007:** The US Federal Reserve co-ordinates an unprecedented action by five leading central banks around the world to offer billions of dollars in loans to banks. The Bank of England calls it an attempt to "forestall any prospective sharp tightening of credit conditions". The move succeeds in temporarily lowering the rate at which banks lend to each other.

**Monday, December 17, 2007:** The central banks continue to make more funding available. There is a \$20bn auction from the US Federal Reserve and, the following day, \$500bn from the European Central Bank to help commercial banks over the Christmas period.

**Wednesday, December 19, 2007:** Ratings agency Standard and Poor's downgrades its investment rating of a number of so-called monoline insurers, which specialise in insuring bonds. They guarantee to repay the loans if the issuer goes bust. There is concern that insurers will not be able to pay out, forcing banks to announce another big round of losses.

**Wednesday, January 9, 2008:** The World Bank predicts that global economic growth will slow in 2008, as the credit crunch hits the richest nations.

**Friday, January 18, 2008:** A rush to withdraw money from its commercial property funds forces Scottish Equitable to introduce delays of up to 12 months for investors wanting to take their money out. It blames the rush of withdrawals on concerns about the US sub-prime mortgage collapse, recession worries and interest rates

**Monday, January 21, 2008:** Global stock markets, including London's FTSE 100 index, suffer their biggest falls since 11 September 2001.

**Tuesday, January 22, 2008:** The US Fed cuts rates by three quarters of a percentage point to 3.5% - its biggest cut in 25 years - to try and prevent the economy from slumping into recession. It is the first emergency cut in rates since 2001. Stock markets around the world recover the previous day's heavy losses.

**Thursday, January 31, 2008:** A major bond insurer MBIA, announces a loss of \$2.3bn - its biggest to date for a three-month period -blaming its exposure to the US sub-prime mortgage crisis.

**Thursday, February 7, 2008:** US Federal Reserve boss Ben Bernanke adds his voice to concerns about monoline insurers, saying he is closely monitoring developments "given the adverse effects that problems of financial guarantors can have on financial markets and the economy".  
The Bank of England cuts interest rates by a quarter of one percent to 5.25%.

**Friday, February 8, 2008:** In the UK, the latest CML figures show the number of homes repossessed in the UK rose to 27,100 in 2007, its highest level since 1999.

**Sunday, February 10, 2008:** Leaders from the G7 group of industrialised nations say worldwide losses stemming from the collapse of the US sub-prime mortgage market could reach \$400bn.

**Sunday, February 17, 2008:** British government nationalizes Northern Rock.

**Friday, March 7, 2008:** In its biggest intervention yet, the Federal Reserve makes \$200bn of funds available to banks and other institutions to try to improve liquidity in the markets.

**Sunday, March 16, 2008:** Bear Stearns is bought by J.P. Morgan Chase in a deal orchestrated by and backed up by the U.S. government following a sharp decline in shares and a collapse in the confidence in the company.

**Wednesday, April 2, 2008:** Moneyfacts, which monitors financial products, says 20% of mortgage products have been withdrawn from the UK market in the previous seven days. Five days later the 100% mortgage disappears when Abbey withdraws the last home loan available without a deposit.

**Tuesday, April 8, 2008:** The International Monetary Fund (IMF), which oversees the global economy, warns that potential losses from the credit crunch could reach \$1 trillion and may be even higher. It says the effects are spreading from sub-prime mortgage assets to other sectors, such as commercial property, consumer credit, and company debt.

**Thursday, April 10, 2008:** The Bank of England cuts interest rates by a quarter of one percent to 5%.

**Friday, April 11, 2008:** A warning is issued by the CML that the amount of funding available for mortgages in the UK could be cut in half this year. It calls on the Bank of England to kick-start the money markets and ease the effects of the credit crunch.

**Tuesday, April 15, 2008:** Confidence in the UK housing market falls to its lowest point in 30 years in March, according to the Royal Institution of Chartered Surveyors, because of the "unique liquidity blight". But it does add that the situation is good news for buyers with large deposits who can buy property that was previously out of reach

**Monday, April 21, 2008:** The Bank of England announces details of an ambitious £50bn plan designed to help credit-squeezed banks by allowing them to swap potentially risky mortgage debts for secure government bonds.

**Tuesday, April 22, 2008:** Royal Bank of Scotland announces a plan to raise money from its shareholders with a £12bn rights issue - the biggest in UK corporate history. The firm also announces a write-down of £5.9bn on the value of its investments between April and June - the largest write-off yet for a British bank.

**Friday, April 25, 2008:** Persimmon becomes the first UK house builder to announce major cutbacks, citing the lack of affordable mortgages and a fall in consumer confidence. It adds sales have fallen by a quarter since the beginning of the year

**Tuesday, April 29, 2008:** The CML says the number of new mortgages approved in March slipped 44% to 64, the lowest monthly number since records began in 1999.

**Wednesday, April 30, 2008:** The first annual fall in house prices for 12 years is recorded by Nationwide. Prices were 1% lower in April compared to a year earlier after a "steep decline" in

home buying over the previous six months. Later in the week, figures from the UK's biggest lender Halifax, show a 0.9% annual fall for April.

**Friday, May 2, 2008:** More than 850 companies went into administration between January and March, government figures show, a rise of 54% on the previous year. Retail and construction firms are hardest hit.

**Thursday, May 22, 2008:** Swiss bank UBS, one of the worst affected by the credit crunch, launches a \$15.5bn rights issue to cover some of the \$37bn it lost on assets linked to US mortgage debt.

**Thursday, June 19, 2008:** There are significant developments in two major credit crunch-related investigations in the US, which it is hoped will restore confidence in the credit markets. The FBI arrests 406 people, including brokers and housing developers, as part of a crackdown on alleged mortgage frauds worth \$1bn. Separately, two former Bear Stearns workers face criminal charges related to the collapse of two hedge funds linked to sub-prime mortgages. It is alleged they knew of the funds' problems but did not disclose them to investors, who lost a total of \$1.4bn.

**Wednesday, June 25, 2008:** Barclays announces plans to raise £4.5bn in a share issue to bolster its balance sheet. The Qatar Investment Authority, the state-owned investment arm of the Gulf state, will invest £1.7bn in the British bank, giving it a 7.7% share in the business. A number of other foreign investors increase their existing holdings.

**Tuesday, July 8, 2008:** The gloomy findings of a survey of its members prompt the British Chambers of Commerce (BCC) to suggest that the UK is facing a serious risk of recession within months. Meanwhile, the FTSE 100 stock index briefly dips into a "bear market", in which the market suffers a 20% fall from its recent highs.

**Friday, July 11, 2008:** American Federal regulators seize IndyMac Bank after it succumbs to the pressure of tighter credit, tumbling home prices and rising foreclosures. IndyMac is the largest thrift ever to fail in the United States. Barrel of oil hits a record price of \$ 147.5.

**Monday, July 14, 2008:** Financial authorities step in to assist America's two largest lenders, Fannie Mae and Freddie Mac. As owners or guarantors of \$5 trillion worth of home loans, they are crucial to the US housing market and authorities agree they could not be allowed to fail. The previous week, there had been a panic amongst investors that they might collapse, causing their share prices to plummet.

**Monday, July 21, 2008:** Just 8% of HBOS investors agree to take up the new shares offered in its £4bn rights issue, because they are priced higher than existing shares are trading on the stock market. But HBOS still gets the £4bn it wanted, as the unsold new shares are bought by the issue's underwriters.

**Thursday, July 31, 2008:** UK house prices show their biggest annual fall since the Nationwide began its housing survey in 1991, a decline of 8.1%.

The average home now costs £169,316. That is nearly £15,000 cheaper than in the same month last year. Meanwhile, HBOS reveals that profits for the first half of the year sank 72% to £848m, while bad debts rose 36% to £1.31bn as customers failed to repay loans.

**Monday, August 4, 2008:** Global banking giant HSBC warned that conditions in financial markets are at their toughest "for several decades" after suffering a 28% fall in half-year profits. Of Europe's top banks, HSBC has among the heaviest exposure to the troubled US housing and credit markets.

**Saturday, August 9, 2008:** Investment bank BNP Paribas tells investors they will not be able to take money out of two of its funds because it cannot value the assets in them, owing to a "complete evaporation of liquidity" in the market. The European Central Bank pumps €95 million in to the banking market to try to improve liquidity. It adds a further €108.7 billion over the next few days.

**Friday, August 28, 2008:** Nationwide reveals that UK house prices have fallen by 10.5% in a year.

A day later Bradford and Bingley posts losses of £26.7m for the first half of 2008, blaming surging mortgage arrears for a rise in impairment. Looking ahead, it warned it expected arrears to remain at high levels for the rest of the year.

**Saturday, August 30, 2008:** Chancellor Alistair Darling warns that the economy is facing its worst crisis for 60 years in an interview with the Guardian newspaper, saying the current downturn would be more "profound and long-lasting" than most had feared.

**Monday, September 1, 2008:** Official figures from the Bank of England show a slump in approved mortgages for July. Meanwhile, while the pound falls to record lows of 81.21 pence against the euro and two-year lows of \$1.80.

**Tuesday, September 2, 2008:** In an effort to kick-start the UK housing market the Treasury announces a one year rise in stamp duty exemption, from £125,000 to £175,000. But there is more bad news, as the Organisation for Economic Cooperation and Development forecasts that the UK will be in a full blown recession by the end of the next two quarters. A day later the European central bank cuts growth forecast 2009 to 1.2% from 1.5%

**Wednesday, September 3, 2008:** The European central bank cuts growth forecast 2009 to 1.2% from 1.5%, leaves interest rate unchanged at 4.25 percent.

**Thursday, September 4, 2008:** The Bank of England leaves rates on hold at 5% while the latest figures from the Halifax show that house prices in England and Wales continue to fall.

**Friday, September 5, 2008:** A raft of negative news from around the world sees the FTSE notch up its steepest weekly decline since July 2002.

The US labour market figures - which showed the unemployment rate rising to 6.1% - were a further jolt to investors who have had to swallow a slew of poor economic data in recent days.

**Saturday, September 6, 2008:** The Halifax warns that the impact of the credit crunch will be felt well into 2010. Chief executive Andy Hornby explains that British banks will continue to suffer major problems in offering loans until they can raise significant sums on wholesale markets, something that will not be possible until US house prices recover.

**Sunday, September 7, 2008:** Mortgage lenders Fannie Mae and Freddie Mac - which account for nearly half of the outstanding mortgages in the US - are rescued by the US government in one of the largest bailouts in US history. Treasury Secretary Henry Paulson says the two firms' debt levels posed a "systemic risk" to financial stability and that, without action, the situation would get worse. At the same time, in the UK, the Nationwide announces it will merge with two smaller rivals, the Derbyshire and Cheshire Building Societies.

**Tuesday, September 9, 2008:** More bad news emerges for the UK economy as the ONS reveals manufacturing output fell by 0.2% between June and July, raising a real fear of recession. Meanwhile, the British Retail Consortium reports UK retail sales values fell by 1.0% on a like-for-like basis from August 2007. On the housing front, there were more negative headlines with the Royal Institute of Chartered Surveyors published figures showing house sales were at their lowest level for 30 years, while the CML reported that the number of first-time buyers has hit its lowest level since its survey began in January 2002.

**Wednesday, September 10, 2008:** The U.S. government seizes Fannie Mae and Freddie Mac putting the liability of more than \$ 5 trillion of mortgages onto the backs of American taxpayers. The announcement comes against a background of further dire economic warnings from the European Commission, which warned that the UK, Germany and Spain will go into recession by the end of the year.

**Thursday, September 11, 2008:** Lehman Brothers announces it is actively looking to be sold after reporting \$ 4 billion in losses.

**Friday, September 12, 2008:** With Lehman Brothers facing collapse, the Department of the Treasury struggles to find a white knight for the distressed investment bank.

**Saturday, September 13, 2008:** Teams of bankers flood the New York Federal Reserve building for the weekend to explore options for Lehman. Bank of America and Barclays head list for potential buyers.

**Sunday, September 14, 2008:** Talks at the New York Federal Reserve continues. Barclays pulls out of the bidding for Lehman and Bank of America turns its attention to Merrill Lynch, saying it will buy it for \$ 29 per share. It was announced that Lehman Brothers would file for bankruptcy after the Federal Reserve Bank declined to participate in creating a financial support facility for Lehman Brothers. The significance of the Lehman Brothers bankruptcy is disputed with some assigning it a pivotal role in the unfolding of subsequent events. The principals involved, Ben

Bernanke and Henry Paulson, dispute this view, citing a volume of toxic assets at Lehman which made a rescue impossible.<sup>[12][13]</sup> Immediately following the bankruptcy, J.P. Morgan provided the broker dealer unit of Lehman Brothers with \$138 billion to "settle securities transactions with customers of Lehman and its clearance parties" according to a statement made in a New York City Bankruptcy court filing

**Monday, September 15, 2008:** Bank of America agrees to a \$50 billion rescue package for Merrill Lynch. Lehman fires for bankruptcy and thousands of its employees are told it's all over. This is the largest bankruptcy filing in the history of the United States, \$ 639 billion. Shares in European stock exchanges plunge. FTSE 100 closes almost 4% lower at 5,202.4, a 210 point drop. U.S. officials agree to put together a \$20 billion lifeline bid for insurance giant AIG. The Dow Jones Industrial average plunges 504 points to close at 10,917.51.

**Tuesday, September 16, 2008:** Asian markets, which were closed yesterday, plummet in early trading. Japan's Nikkei index closes 570 points down at 11,609. Barclays confirms that it is still talking to Lehman about buying some of its assets and divisions. HBOS's shares halve in value to a low of 88 pence. Wall Street titan Goldman Sachs reports 70% drop in profits. FTSE 100 falls 178.6 points to close at 5,025.6. The Dow Jones closes 141.5 points up at 11,059 after zigzagging all day. Barclays formalizes the acquisition of Lehman's U.S. assets. The U.S. government announces it will give AIG \$ 85 billion to keep it afloat, in return for an 80% equity stake in the company.

**Wednesday, September 17, 2008:** Russia suspends stock market trading while Libor hits a seven-year high as the panic escalates. Barclays agrees to buy Lehman's North American banking divisions and hints that it might also buy its British assets. Due to pressure from banks, the Bank of England extends its special liquidity scheme. Morgan Stanley's shares fall 30% as it becomes the latest bank under fire. FTSE closes below 5,000 for the first time since May, 2005, down 113.2 points at 4,912.4. The Dow Jones sheds 449 points to close at 10,609. The takeover of HBOS is finalized while Morgan Stanley looks for salvation through a merger with Wachovia.

**Thursday, September 18, 2008:** Russian stock markets remain closed for a second day. There is even more panic in Asia, where the Nikkei drops 260 points to 11,489. It is formally announced that HBOS will be taken over for £ 12.2 billion. Gold reaches a six-week high as investors flee shares and pile into commodities. Central banks around the globe inject \$180 billion into the international banking system in a concerted effort to end the crisis. The U.S. Federal Reserve cuts its main interest rate by half a percentage point to 4.75%, its first cut since 2003.. Christopher Cox, America's most senior financial markets regulator, takes aim at short sellers. The U.K.'s Financial Services Authority follows suit and bans short-selling of bank shares. The shares of Goldman Sachs and Morgan Stanley continue to drop significantly. The FTSE 100 closes 32.4 points lower at 4,880. Wall Street closes 410 points higher as the U.S. Federal Reserve starts briefing on an ambitious plan to create a federal "bailout plan."

**Friday, September 19, 2008:** Asia starts to recover with the Nikeei closing up 431 points at 11,920. Russian stock markets bounce back after the government pledges 500 billion roubles to fight the crisis. The British government increases its guarantee for British banks deposits to £



50,000 and the Bank of England announced it will auction £ 10 billion. On Wall Street, the Dow Jones Industrial closes at 11,388.44 points, up 368.75, despite employment data being worse than expected. Bush Administration announces Bailout Plan to Confront Crisis Congress is asked to give the administration new powers to execute a plan that could cost taxpayers billions to buy toxic debt and bad mortgages.

**Saturday, September 20, 2008:** The U.S. Secretary of the Treasury, Henry Paulson, spends the weekend trying to thrash out his \$ 700 billion “bailout” plan.

**Monday, September 22, 2008:** Morgan Stanley and Goldman Sachs give up their status as investment banks and become traditional commercial banks that accept deposits from ordinary people and businesses, marking a dramatic change in the make-up of Wall Street. Japan’s Nomura buys Lehman Brother’s Asian operations.

**Tuesday, September 23, 2008:** British mortgage approvals are reported to have hit a record low in August. Political opposition to the \$ 700 billion bailout plan grows in Washington pulling stock markets down. Nomura buys Lehman Brother’s operations in Britain.

**Wednesday, September 24, 2008:** Warren Buffet invests \$ 5 billion in Goldman Sachs and warns that failure to agree to a \$ 700 billion bailout could result in an “economic Pearl Harbor.” The FBI starts to investigate the role of Fannie Mae, Freddie Mac, AIG and Lehman Brothers over their role in the sub-prime mortgage crisis. Henry Paulson bows to intense political pressure and accepts to include limits on what Wall Street bankers can be paid in his \$ 700 bailout plan.

**Thursday, September 25, 2008:** Ireland becomes the first state in the Euro-zone to fall into recession. Traditionally strong American companies such as G.E. see their profits slide. HSBC raises its rates. The American bailout plan appears to have stalled. President Bush meets with Barack Obama, John McCain and Congressional leaders to discuss a plan of action

**Friday, September 26, 2008:** America’s biggest savings and loan company, Washington Mutual, is seized by federal regulators and sold to J.P. Morgan for \$ 1.9 billion in a deal that sends shockwaves through Wall Street and Main Street alike. WaMu thus becomes the largest thrift failure with \$ 307 billion in assets.

**Sunday, September 28, 2008:** The credit crunch hits Europe's banking sector as the European banking and insurance giant Fortis is partly nationalised to ensure its survival. It is seen as too big a European bank to be allowed to go under. Authorities in the Netherlands, Belgium and Luxembourg agree to pour in 11.2bn euros (\$16.1bn; £8.9bn). Fortis' share price has fallen sharply amid concerns about its debts. In the US lawmakers announce they have reached a bipartisan agreement on a rescue plan for the American financial system. The package, to be approved by Congress, allows the Treasury to spend up to \$700bn buying bad debts from ailing banks. It will be the biggest intervention in the markets since the Great Depression of the 1930s. Spain’s Santander buys Bradford & Bingley’s 200 branches and £ 22 billion savings book. In Washington, the House speaker, Nancy Pelosi, pleads with representatives to pass the now 100-page plan to save Wall Street.

**Monday September 29, 2008:** The British government is nationalizing troubled mortgage lender Bradford&Bingley, taking over the bank's 50 billion pounds (US \$ 91 billion) mortgage and loan books as turmoil from the us credit spread across Europe. The government has also paid out 18 billion pounds (US \$ 33 billion) to facilitate the sale of Bradford&Bingley's savings business, including its entire retail branch network, to Spain's Banco Santander. As the news of the Bradford & Bingley rescue sinks in, the London stock market plummets in what will end up being one of the FTSE 100 index's worst ever trading days. The Royal Bank of Scotland sees its shares loose 20% of their value. There is fear amongst traders regarding what bank will be the next to fall, resulting in higher interbank lending rates. In Iceland, the government is forced to take control of one of the nation's biggest banks. In America, Citigroup snaps up troubled bank Wachovia for \$ 2.1 billion in stock. George Bush publicly urges the House of Representatives to pass the \$ 700 bailout plan. His speech falls on deaf ears and a few hours later the House votes the plan down 228 against 205. Wall Street has a fit, the Dow plunges 777 points, its biggest ever fall history.

Citigroup agrees to acquire Wachovia.

**Tuesday, September 30, 2008:** Dexia becomes the latest European bank to be bailed out as the deepening credit crisis continues to shake the banking sector. After all-night talks the Belgian, French and Luxembourg governments said they would put in 6.4bn euros (\$9bn; £5bn) to keep it afloat. Separately, the Irish government says it will guarantee all deposits in the country's main banks for two years. In the UK, Prime Minister Gordon Brown says the government is planning to raise the limit on guaranteed bank deposits from £35,000 to £50,000. Stock markets around the world collapse due to the failure of the bailout bill. The Irish government takes the unprecedented step of guaranteeing retail deposits for the next two years. In the U.S. it is reported that July saw the biggest ever fall in house prices. Dominique Strauss-Kahn, the Managing Director of the IMF, declares that a bailout is the only option for the American economy.

**Wednesday, October 1, 2008:** Warren Buffet decides to snap up \$ 3 billion worth of General Electric as part of a \$ 1 billion fundraising by the industrial conglomerate. Swiss bank UBS is the first top-flight bank to announce losses; \$ 3.4 billion due to sub-prime related investments. The Chairman and CEO of the bank step down.

Stock markets stabilise ahead of a vote in the Senate, which eventually approves an amended \$700bn financial rescue bill. Market confidence that Lloyds TSB's takeover of HBOS will not be derailed by stock market volatility sees HBOS shares rise 20%. A report says that French Finance Minister Christine Lagarde calls for an emergency EU bail-out fund for banks threatened with failure. The EU says it is looking at whether Ireland's full guarantee of saving deposits is anti-competitive.

**Thursday, October 2, 2008:** The U.S. Senate approves the bailout. Congress passes the \$700-billion asset relief bailout. European leaders, lead by French president Nicolas Sarkozy, consider their own bailout, which would cost €300 billion.

**Friday, October 3, 2008:** The British government increases to £ 50,000 its guarantees of British bank deposits.

The US House of Representatives passes a \$700billion (£394billion) government plan to rescue the US financial sector. The 263-171 vote was the second in a week, following its shock rejection of an earlier version on Monday.

**Saturday, October 4, 2008:** In Paris, the leaders Europe's largest economies (France, Germany, Italy and the United Kingdom) meet to discuss the crisis.

Wells Fargo ends up acquiring Wachovia.

**Sunday, October 5, 2008:** The German government, together with private banks, announces a plan (35 billion euros) to save Hypo Real Estate. The attempt fails.

**Monday, October 6, 2008:** The FTSE sees its largest one-day points fall.

Germany announces a 50bn euro (\$68bn; £38.7bn) plan to save one of the country's biggest banks. The deal to save Hypo Real Estate, reached with private banks, is worth 15bn euros more than the first rescue attempt, which fell apart a day earlier. World stock markets react badly to the ongoing turmoil. The German government says it will not pass new legislation to provide extra protection for savers. Chancellor Angela Merkel had earlier said that no German savers would lose any money. But it emerges that this was a was a political pledge, rather than one which would see it change laws on banking deposits. However Denmark had already responded by giving a 100% guarantee on savings, while Sweden increased its protection levels. Iceland announces part of a plan to hammer out a financial package to shore up its troubled banking sector. The country's largest banks agree to sell off some of their foreign assets and bring them home.

**Tuesday, October 7, 2008:** Banks shares fall sharply. The Icelandic internet bank Icesave blocks savers from withdrawing money.

**Wednesday, October 8, 2008:** The British Treasury announced a £ 500 billion bank rescue package. The Federal Reserve, the Bank of England and the European Central Bank all cut half a point off their key interest rates in the first unscheduled rate move since the aftermath of 9/11. The FTSE 100 closes down 238.5 points at 4,366.7, a 5.2% declines and its lowest level since 19 August, 2004. Dow drops 189 pints despite global interest rate cuts. It has fallen for six successive days, losing 14.7% of its value.

**Thursday, October 9, 2008:** The IMF announces emergency plans to bailout governments affected by the financial crisis, after warning that no country would be immune from the ripple effects of the credit crunch. The Dow falls to a five-year low, ending the day at 8,579 points. The FTSE ends at 4,313.8 its lowest level since August 13, 2004.

**Friday, October 10, 2008:** A global rout starts in Asia as recession fears deepen, with Japan's Nikkei index falling almost 10%, its biggest drop in 20 years. Singapore officially slides into recession. The FTSE 100 plunges more than 10% to 3,932.1 points, falling under the 4,000 mark for the first time in five years. This fall represents the worst daily fall since the crash of 1987 and wipes-off more than £ 100 billion off the value of Britain's biggest companies. Oil prices fall \$ 5

a barrel to a one-year low. The Dow crashes almost 700 points to 7,882 in the first few minutes of trading, a fall of 8%.

**Saturday, October 11, 2008:** The G7 finance ministers and the IMF meet in Washington and put together a five-point plan, which includes spending billions of taxpayers' money to rebuild the global banking system and reopen the flow of credit. The head of the IMF, Dominique Strauss-Kahn declares in Washington: "Intensifying solvency concerns about a number of the largest U.S.-based and European financial institutions have pushed the global financial system to the brink of systematic meltdown.

**Sunday, October 12, 2008:** European officials meet in Paris to prevent a continent-wide meltdown in the banking sector. The EU's core countries agree to adopt a plan along the lines of Britain's £ 500 billion banking system bailout.

**Monday, October 13, 2008:** The British government announces it will pump £ 37 billion of emergency recapitalization into the Royal Bank of Scotland, HBOS and Lloyds TSB. Recapitalization: Citibank (\$25 billion), JP Morgan Chase (25), Bank of America (20), Wells Fargo (20), Goldman Sachs (10), and Morgan Stanley (10). The 15 members of the Euro-zone, led by Germany and France, unveil large, coordinated plans along British lines to provide their banks with capital funding. The prospect of governments at both sides of the Atlantic injecting money into the financial system increases investor confidence resulting in stock rising. The Dow Jones rockets by 936 points to 9,387, the biggest one-day gain by points. It closes up 11%, the largest daily jump in percentage terms since 1993.

**Tuesday, October 14, 2008:** Stock markets in Asia and Europe rally for a second day as the financial world waited for America to follow Britain's lead and partially nationalize its banks. The heads of major banks meet in Washington with government officials. The US government unveils a \$250billion plan to purchase stakes in a wide variety of banks in an effort to restore confidence in the sector. President George W Bush says the move will help to return stability to the US banking sector and ultimately help preserve free markets.

**Wednesday, October 15, 2008:** The FTSE suffered its fifth biggest fall in history, closing down 7.16% at 4,079.5 (a 315 point fall) more than wiping out all of Tuesday's gains. Meanwhile, in New York, the Dow Jones drops by 7.8%. Unemployment figures in the U.K. show the biggest rise since the country's last recession 17 years ago, up to 5.7%. American banks J.P. Morgan and Wells Fargo reported big falls in profits, and retail sales in the US suffered their biggest fall in three years, with the decline in car sales hitting 3.8%.

**Thursday, October 16, 2008:** The Dow Jones Industrial Average makes strong gains of 401 points. Japan's Nikkei suffers its worst fall since 1987, and the FTSE 100 index slumps to 3,861. An EU summit ends in Brussels with a clear message that time cannot be lost in coming up with a concerted plan of action. In Switzerland, UBS received a capital injection from the government, taking hits of more than \$ 13 billion to cover liabilities arising from the credit crunch. In Japan, the Prime Minister, Taro Aso, dismissed the American bailout as "insufficient," in the first real sign of a split among the world's richest countries on how to address the credit

crunch and looming global recession. OPEC calls for an emergency meeting in Vienna as the oil price falls to less than half the \$ 147 at which it traded in July.

**Friday, October 17, 2008:** French savings bank Caisse d'Epargne announces a loss of €600 million in a "trading incident" which the bank said was triggered by what it called "extreme market volatility" amid the market crash in the previous two weeks.

**Sunday, October 19, 2008:** Details emerged that Dutch savings bank ING was to get a €10 billion capital injection from Dutch authorities. South Korea announces a \$ 130 billion financial rescue package to stabilize its markets. It further promises to guarantee bank's foreign debts and to inject capital into struggling financial firms if necessary.

**Monday, October 20, 2008:** Sweden's government sets out its own bank rescue plan, with credit guarantees to banks and mortgage lenders up to a level of 1.5 trillion kroner (\$ 205 billion). Officials also announced the creation of a fund for the stabilization of the economy. India's Central Bank unexpectedly cuts its short-term lending rates in response to continued pressure from the global financial crisis. The Reserve Bank of India cuts the repo rate by a full percentage point to 8%.

**Tuesday, October 21, 2008:** The governor of the Bank of England, Mervyn King, hinted at fresh interest rate cuts admitting "it now seems likely that the U.K. economy is entering a recession" in a speech to business leaders in Leeds. BayernLB bank of Germany became the first to seek help from the federal government Tuesday under a massive financial sector rescue plan, with a senior official saying it would seek up to €4 billion in aid.

**Wednesday, October 22, 2008:** The stricken American bank Wachovia reports the biggest quarterly loss of any bank since the onset of the credit crunch, with a deficit of \$ 24 billion, more than the total price being paid for the North Carolina lender by its rival Wells Fargo. Pakistan seeks emergency bailout funds from the IMF. The International Monetary Fund says more European banks may fail as private funding has become "virtually unavailable. and banks have to rely on government interventions, asset sales and consolidation.

**Thursday, October 23, 2008:** Former Fed Chairman, Alan Greenspan, admits he had been "partially wrong" in his hands-off approach towards the banking industry. The credit crunch had left him in a state of "shocked disbelief," he admitted before a congressional committee. Goldman Sachs said it was to cut 10% of its global workforce. Daimler, maker of Mercedes cars, issued its second profits warning this year after third-quarter earnings plunged by two-thirds.

**Friday, October 24, 2008:** Shares and the pound slumped as official government figures confirmed that the U.K. economy was shrinking, with the biggest drop in GDP since 1990. The Ukraine and Hungary seek \$ 16.5 and \$ 10 billion rescue packages respectively from the IMF. In Denmark, the Central Bank raises its key interest rate by 0.5 percentage points to 5.5%.

Stock markets around the world plummeted. Investors fear that governments, central banks and finance ministers will not be able to stop the deepening of a global recession. Dow Jones opened with a drop of almost 490 points (5 percent drop). Before opening Dow futures dropped 550 points, triggering a temporary trading halt in stock futures contracts in an effort to slow the decline.

Over night, the Japanese Nikkei dropped 9.6 percent. Germany's DAX index plunged as much as 10.8 percent, France's CAC40 slid 10 percent and Britain's FTSE 100 shed 8.7 percent. In Hong Kong stocks fell 8,3 percent. In other Asian markets stock prices also plunged.

The UK economy contracted in the third quarter by 0,5 percent.

Emerging market economies and currencies are coming under extreme pressure. Investors are pulling money out of countries in Eastern Europe, Latin America and Asia on fears vulnerable countries will not only be hit hard by the financial crisis but may also default on debt.

**Tuesday, October 28, 2008:** U.S. consumer confidence falls to a record low of 28 in October, down from a revised 61.4 in September and below analyst's expectations of 52. It is the lowest since the Conference Board began tracking consumer sentiment in 1967. Dow Jones Industrial Average index surges by 11 percent.

Dutch insurance company Aegon gets 3 billion euros from the Dutch government. In Belgium, KBC bank receives a capital injection of 3,5 billion euros.

The Nordic nation (Sweden) announces it is in recession after GDP shrinks 0.1 percent in both the second and third quarters.

**Wednesday, October 29, 2008:** The U.S. Federal Reserve cuts interests rates by half a point, trying to avert a prolonged economic downturn in the wake of the financial crisis. The IMF, the EU and the World Bank announce a massive rescue package for Hungary. The prospect of fresh cuts in interest rates on both sides of the Atlantic helped propel Wall Street stocks to a dramatic rebound, with the Dow scoring its second-biggest points gain ever, just short of 900. Volkswagen found itself the most valuable company in the developed world as a bout of financial speculation went spectacularly wrong.

**Thursday, October 30, 2008:** Deutsche Bank reported steep falls in pre-tax and net profits and a further series of write-downs in the third quarter. Merrill Lynch chief resigns after the investment bank unveils a \$ 7.9 billion exposure to bad debt. The Federal Reserve cuts its key interest rate from 1.5% to 1% in a widely expected move. The Commerce Department issues figures showing the U.S. economy shrank at an annualized rate of 0.3% between July and September.

**Friday, October 31, 2008:** Barclays said it would raise up to £ 7.3 billion, mainly from Middle East investors, who could end up owning nearly a third of the UK's second largest bank. The Bank of Japan cuts interests rates for the first time in seven years in response to the global crisis. The bank cut the key interest rate from 0.5% to 0.3% a move some criticized as half-hearted.

**Monday, November 3, 2008:** French bank Societe Generale sees net profit slump by 84% in the third quarter, hit by the credit crisis. Net profits in the three months to the end of September fell €183 million from €1.12 billion in the same period a year before.

**Thursday, November 6, 2008:** The IMF approves a \$ 16.4 billion loan to Ukraine to bolster its economy. The Bank of England slashes interest rates unexpectedly from 4.5% to 3%, the lowest level since 1955. The European Central Bank lowers Euro-zone rates to 3.25% from 2.75% in an attempt to prevent a recession.

**Sunday, November 9, 2008:** China announces a two-year \$ 586 billion stimulus package to help boost the economy by investing in infrastructure and social projects and by cutting corporate taxes. Economic growth has slowed in China with sharp drops in property and stock values. The money from the stimulus package will be spent on upgrading infrastructure, particularly roads, railways, airports and the power grids throughout the country and raise rural incomes via land reform. Also spending will be made on social welfare projects such as affordable housing and environmental protection. Some Chinese factories engaged in low-end export manufacturing have gone out of business.

**Monday, November 10, 2008:** the US Treasury announced investment of 40 billion dollars in preferred stock of AIG, adjusting the terms of the existing credit line and its amount. Total exposure, including equity and debt, is now 150 billion dollars. Funds were drawn from the Troubled Asset Relief Program which was not available at the time of the original bailout of AIG. The question of whether emergency funding would be made available to the troubled American auto industry remained under consideration. General Motors is the most threatened with a sharp drop in sales and diminishing cash reserves.

Fannie Mae Loses \$29 Billion on Write-Downs. All the profits, and then some, that [Fannie Mae](#) reaped as home prices soared in recent years vanished in a mere three months, the mortgage giant said on Monday, leaving many analysts wondering where the red ink will end.

**Wednesday, November 12, 2008:** US Treasury Secretary Henry Paulson scrapped the original Troubled Asset Relief Program (TARP) and announced shift in the focus to consumer lending. The remaining portion of the TARP budget will be used to help relieve pressure on consumer credits such as car loans, student loans, credit cards etc.

**Thursday, November 13, 2008:** the Dow Jones Industrial Average marked another dramatic session, with the index (opening at 8,282.66) that after a mixed start tumbled again below the 8,000 mark (to a low of 7,965.42) but then reversed the trend and gained more than 900 points (fourth largest daily swing ever) in less than three hours closing at 8,835.25 with a net gain of more than 550 points (third largest ever). The prospect of a federal bailout of failing US automakers appeared dim pending the inauguration of Barack Obama. There appeared to be opposition from both the Republican members of the Senate and the office of the incumbent president, George W. Bush, which expressed doubt that the companies could be salvaged.

**Saturday, November 15, 2008:** International Summit in Washington to reinvent the international financial system. Leaders agreed to cooperate with respect to the global financial crisis and issued a statement regarding immediate and medium term goals and actions considered necessary to support and reform the international economy. The next session will be held April 30, probably in London, after Barack Obama takes office as President of the United States. The initial session, attended by the leaders of the G-20 set forth a road map of proposed reforms which will be followed up in coming months by the development of specific proposals, including a comprehensive reform of the the Bretton Woods Institutions.

**Monday, November 17, 2008:** The Group of 20 leaders from major developed and emerging economies had pledged on their meeting on Saturday short-term measures such as fiscal stimulus in order to try to keep te global economy from falling into a deep slump and promised to look at ways to tighten regulations to prevent future crisis.

**Tuesday, November 18, 2008:** The first modern economy has officially entered into a recession. Late Sunday the Japanese economy posted Q3 GDP results as forecasted of -0.1%. Despite the official recessionary trend, he JPY strengthened against the Dollar, closing the day at 97.33.

This could be taken as a positive sign of the market's reaction to the contracting Japanese economy. The Japanese economy may appear relatively strong compared to its counterparts. The Organization for Economic Cooperation (OEC) has forecasted Japanese GDP to fall 0.1% in 2009. OEC forecasted the U.S. economy to post a decline of 0.9% and the Euro-Zone to fall 0.5%.

**Wednesday, November 19, 2008:** the Dow Jones Industrial Average fell sharply by 427.47 points or 5.07%, closing below 8,000 points for the first time since March 2003. United States financial stocks led the way with Citigroup showing a 23% drop. The UK FTSE100 fell by about the same percentage, closing just above 4000. The BBC Global 30, combining Europe, Asia and North America in a single index, fell by 5.1%.

**Thursday, November 20, 2008:** the Dow Jones Industrial Average plunged another 445 points in the last minutes of the trading session, closing at 7,552. This is its lowest point in six years. Shares in Citigroup plummeted another 26% with drops of more than 10% in the shares of other major US financial institutions.

President Nicolas Sarkozy of France left the summit meeting on the financial crisis here last weekend in a triumphal mood, declaring that it had tamed the animal spirits of American capitalism. Then he went home and announced that he would hold his own summit meeting in a few weeks in Paris — on the same topic. That has raised hackles in diplomatic circles, not just because the meeting appears to compete with a planned gathering of 20 world leaders next April. Sarkozy's aggressive statements have put American officials on edge, with some saying that he seemed determined to turn the global crisis into a referendum on the ills of untrammelled capitalism.

The economy will log little, if any, growth this year, and could jolt into reverse, according to various Fed projections. And, the frailty will extend into next year, the Fed said, where the



economy could shrink or turn in subpar growth. The economy "would remain very weak next year" and "the subsequent pace of recovery would be quite slow," the Fed said in its new economic projections. "The unemployment rate would increase substantially further." The Fed projected that the national unemployment rate will rise to between 6.3 percent and 6.5 percent this year. That would be up sharply from last year's average rate of 4.6 percent. For 2009, the Fed expects the jobless rate to climb to between 7.1 percent and 7.6 percent.

**Sunday, 23 November 2008:** Citigroup is bailed out in an asset-relief package worth \$306 billion and a further \$20 billion recapitalization (on top of an earlier \$25 billion).

**Monday, 24 November 2008:** Citigroup shares jump on bail-out Shares in Citigroup have jumped by almost 60% as investors welcomed the US government's rescue plan for the bank. The US Treasury is set to invest \$20bn (£13.4bn) in return for preferred shares in the troubled banking giant.

The Treasury and the Federal Deposit Insurance Corp will also guarantee up to \$306bn (£205bn) of risky loans and securities on Citigroup's books.

The UK government announces a temporary cut in the level of VAT - to 15% from 17.5% - in its pre-Budget report. Chancellor Alistair Darling also says government borrowing will rise to record levels, but defends the move as essential to save the UK from a deep and long-lasting recession.

**Tuesday, 25 November 2008:** The International Monetary Fund (IMF) approves a \$7.6bn (£5.1bn) loan for Pakistan to shore up the country's economy. Pakistan needs the money in order to avoid defaulting on international debt.

The US Federal Reserve announces it will inject another \$800bn into the economy in a further effort to stabilise the financial system and encourage lending. About \$600bn will be used to buy up mortgage-backed securities while \$200bn is being targeted at unfreezing the consumer credit market.

**Wednesday, 26 November 2008:** The European Commission unveils an economic recovery plan worth 200bn euros which it hopes will save millions of European jobs. The scheme aims to stimulate spending and boost consumer confidence.

The U.S. pledged to pump another \$800 billion into ailing credit markets, much of it directly from the Fed. With support from the Treasury, the Fed will also provide up to \$200 billion in financing to boost consumer lending.

China's central bank cut interest rates by more than a full percentage point on Wednesday, its largest rate reduction since the Asian financial crisis a decade ago and the latest sign of worries in Beijing about the slowing of the Chinese economy.

## BOA to Control 12% of Nation's Deposits Following Merrill Deal

Bank of America will control roughly 11.9% of the nation's deposits following its acquisition of Merrill Lynch, the Federal Reserve said Wednesday in its regulatory order approving the deal.

**Thursday, 27 November 2008:** The Spanish government on Thursday announced an €1 billion stimulus package aimed at creating 300,000 jobs and cushioning the Spanish economy from the global crisis.

The German unemployment rate fell to 7.1 percent in November as the number of people out of work hit a 16-year low, but the national labor agency on Thursday warned of increasing signs that the economic crisis would soon hit the job market in Germany, The Associated Press reported from Berlin.

Norinchukin Bank plans to raise ¥1 trillion to shore up its capital, the largest fund-raising by a Japanese financial firm since the start of the global credit crisis.

China shares surrendered most of an early rally to close slightly higher Thursday as continued worries about the slowing economy overshadowed the country's biggest interest rate cut in 11 years.

The benchmark Shanghai Composite Index closed up 1.1 percent, or 19.98 points, at 1917.86 after rising as much as 6.6 percent. The Shenzhen Composite Index for China's smaller second market rose 1.7 percent to close at 544.1.

Elsewhere in Asia, markets rose on China's rate cut late Wednesday. Japan's benchmark Nikkei 225 jumped 2 percent, Hong Kong's Hang Seng Index was up 1.2 percent and Korea's KOSPI Composite Index added 3.3 percent.

Global vehicle production at Toyota and Nissan declined in October, hit by a U.S. slump, but worldwide production was up at Honda and Mazda, according to data released Thursday.

The Philippine economy grew a sluggish 4.6 percent in the third quarter, slumping from 7.1 percent last year, after being "damaged but not quite ravaged" by the global financial crisis, the government said Thursday.

China Southern Airlines said it will get a 3 billion yuan (\$440 million) capital injection from the government, intended to tide the major carrier through a financial crisis.

**Friday, 28 November 2008:** South Korea prepared fresh actions Thursday to help protect its banks from the havoc of the global financial crisis and said it would tap a \$30 billion swap line with the U.S. Federal Reserve to bring in dollars.

Japan's industrial output and household spending tumbled in October, evoking memories of the decade-long stagnation of the 1990s and highlighting how rapidly the global financial crisis was derailing major economies.

General Motors Europe wants to cut labor costs by 10 percent without eliminating jobs, according to a letter sent to GM employees.

Unlisted Spanish real estate company Habitat said on Friday it had gone into administration. Habitat has financial commitments of up to 2.3 billion euros (\$2.98 billion), it said in a statement.

**Monday, 1 December 2008:** The US recession is confirmed by the National Bureau of Economic Research, a leading panel including economists from Stanford, Harvard and MIT. The committee concludes that the US economy started to contract in December 2007.

The Bank of England is widely expected to cut interest rates by at least another 0.5% this week as it tries to stave off a deep recession.

Citigroup plans to sell its Japanese trust banking unit as the ailing U.S. banking giant struggles to survive the global financial crisis, according to the Nikkei. Citigroup plans to begin tender offers next week to determine the buyer of NikkoCiti Trust and Banking, its trust banking operation in Japan, for about 40 billion yen (\$416.7 million), the business newspaper reported.

**Tuesday, 2 December 2008:** Around 10,000 savers are to be rescued by a UK compensation scheme after London Scottish Bank became the first British bank in the current economic crisis to go into administration.

Markets around the world dropped Tuesday, a day after the Dow Jones Industrial Average dropped 7.70 per cent, the fourth-largest point loss in history. As data shows a deepening recession in Europe, finance ministers from the 27 EU member states are meeting in Brussels to debate stimulus spending proposals.

**Thursday, 4 December 2008:** French President Nicolas Sarkozy unveils a 26bn euro stimulus plan to help France fend off financial crisis, with money to be spent on public sector investments and loans for the country's troubled carmakers.

The European Central Bank, as well as central banks in England, Sweden and Denmark, slash interest rates again in an effort to prevent a looming recession.

The eurozone entered recession in the third quarter according to figures released on Thursday. The economies of the 15 countries which share the European currency shrank by 0.2 per cent after contracting by a similar amount in the second quarter, meaning the bloc has officially entered recession. The European Central Bank reacted by cutting interest rates by 0.75 per cent to 2.5 per cent.

AT&T, Dupont and Credit Suisse announce job cuts.

The Bank of England has cut interest rates by one percentage point, from 3% to 2% - the lowest level since 1951.

**Friday, 5 December 2008:** Amid fresh assembly line layoffs, congressional Democrats and the White House groped for a compromise Friday on bailout billions for the beleaguered auto industry. President George W. Bush warned that at least one of the Big Three carmakers might not survive the current economic crisis.

U.S. employers shed more than half a million jobs in November, the worst monthly showing in 34 years. President-elect Barack Obama's transition team agrees to accompany Treasury Department officials to meet with Capitol Hill leaders to help the Bush administration gain access to the second half of the \$700 billion financial rescue package.

**Saturday, 6 December 2008:** The German parliament completed passage of a €31 billion (\$39.6 billion) stimulus program, while October manufacturing orders fell and the central bank warned of a considerable contraction ahead.

Sweden also announced Friday an 8.3 billion kronor (\$1.01 billion) stimulus package, a day after its central bank delivered its biggest rate cut in 16 years

The Reserve Bank of India on Saturday announced sizable cuts in its key short-term interest rates, sending a signal to banks to bring down lending rates as it scrambles to protect the real economy from a worsening global financial crisis.

Figures released by the United States Labour Department showing half a million job losses in November may push Congress to agree on a bailout plan for the auto industry. Executives for the Big Three auto makers – Chrysler, Ford and General Motors – are asking for 34 million dollars to rescue the failing sector. Congress has been arguing over the bailout, but Democrats seem to be pushing for it to go through.

**Sunday, 7 December 2008:** HSBC Holdings has created a \$5 billion (3.4 billion pound) global working capital fund for small and medium-sized businesses to help them weather the credit crisis, the bank said on Sunday.

Indian Prime Minister Manmohan Singh unveiled a 3 trillion rupee (\$60 billion) spending plan, four times more than expected, to bolster an economy buffeted by recession and a terrorist attack. The government plans to allocate the money, equivalent to 5 percent of gross domestic product, by March, it said in a release in New Delhi today. The Reserve Bank of India yesterday cut interest rates for the third time in less than two months.

**Tuesday, 9 December 2008:** The Bank of Canada lowered its benchmark interest rate by more than anticipated to a half-century low and signaled more action may be needed as economic growth sputters amid a “broader and deeper” global slump.

Governor Mark Carney and his rate-setting panel slashed the target rate for overnight loans between commercial banks by three-quarters of a point to 1.5 percent, the lowest since 1958. Two of 23 economists surveyed by Bloomberg predicted the move, with 20 calling for a half-point cut and one calling for a quarter point.

Landsbanki, Seized Icelandic Bank, Enters Bankruptcy

The World Bank has forecast a significant decline in global economic growth in 2009 for both developed and emerging countries.

The US economy is still facing "sharp downside risks" to growth, according to the Organisation for Economic Co-operation and Development (OECD).

**Wednesday, 10 December 2008:** Citigroup Inc., the U.S. bank that's eliminating 52,000 jobs worldwide, will shed about 1,000 workers at its retail brokerage unit in Japan, two company officials said.

The UK economy contracted 1% between September and November, the National Institute of Economic and Social Research (NIESR) has estimated.

China has reported a fall in exports for the first time in seven years as a result of the global economic downturn.

**Thursday, 11 December 2008:** South Korea's central bank has cut its key interest rate by a record one percentage point to 3%, twice the expected reduction.

Bank of America announces up to 35,000 job losses over three years following its takeover of Merrill Lynch in the New Year. It said the cuts will be spread across both businesses.

The European Central Bank, as well as central banks in England, Sweden and Denmark, slash interest rates again in an effort to prevent a looming recession.

UK manufacturers' order books have continued to contract sharply, despite a fall in the value of the pound, a monthly survey by the CBI has said

**Friday 12 December 2008:** A \$14bn (£9.4bn) bail-out deal for the US car industry has failed to get Senate support, raising fears of job cuts and a possible industry collapse

Russia is headed for a recession, the country's deputy economy minister, Andrei Klepach, has said.

India's industrial growth has shrunk for the first time in more than a decade as the country witnesses the fallout of the global credit crunch.

**Saturday 13 December 2008:** Belgium's government will push to proceed with the sale of Fortis assets to BNP Paribas SA even after the country's appeals court froze the deal because it didn't have shareholder approval.

European stocks rose this week, led by construction companies and commodity producers, on speculation a U.S. stimulus plan will prevent a prolonged recession in the world's largest economy.

**BAA May Need to Sell 3 U.K. Airports Including Gatwick, FT Says**

Some of the world's wealthiest private and corporate investors are reported to be victims of an alleged \$50bn fraud by Wall Street broker Bernard Madoff

**Sunday, 14 December 2008:** The falling value of sterling means some are getting less than a euro for every pound when changing money, research by The Observer suggests.

The Irish government is to provide a fund of £9bn (10bn euros) to recapitalise all its listed banks.

US Federal Reserve chief Ben Bernanke says that the world's central banks are ready to take further action to ease troubled credit markets.

**Monday, 15 December 2008:** The International Monetary Fund (IMF) has said the global economy may not begin to recover until the end of 2009.

The Russian central bank devalued the ruble on Monday for the second time in a week. It was a sign that, despite spending \$161 billion defending the currency in recent months, the central bank may be forced to let the ruble fall even further against the dollar and the euro unless oil prices rebound soon.

**Tuesday, 16 December 2008:** The US Federal Reserve has slashed its key interest rate from 1% to a range of between zero and 0.25% as it battles the country's recession.

US consumer prices dropped by a record amount in November as petrol prices and other energy costs continued to fall.

Lower energy costs helped to push the Consumer Prices Index inflation rate down to 4.1% in November from 4.5% the month before, figures have shown.

**Wednesday 17 December 2008:** Expectations increased Wednesday that central banks in Japan and China would cut interest rates again after the Federal Reserve lowered its benchmark rate by more than expected and declared that it would try to pull the American economy out of recession by pumping money into the system.

**Thursday, 18 December 2008:** German business confidence dropped sharply in December to its lowest level in 18 years, according to a business index from the Ifo research institute

Economic development in Iraq in 2008 has been "encouraging" according to a review of the country's economy by the International Monetary Fund (IMF).

Economic Indicator Hits Worst Level Since 1991: index of leading economic indicators fell for the second consecutive month, dropping 0.4 percent in November. That was slightly better than the 0.5 percent decline economists surveyed by Thomson Reuters had expected.

The dollar and the pound have weakened further as interest rate cuts continue to undermine the two currencies

**Friday, 19 December 2008:** Japan's central bank follows suit and cuts rates from 0.3% to 0.1%. The government says the world's second largest economy will not grow in 2009.

President George W Bush says the US government will use up to \$17.4bn of the \$700bn meant for the banking sector to help the Big Three US carmakers, General Motors, Ford and Chrysler.

The Federal Reserve Board announces revised terms and conditions of the Term Asset-Backed Securities Loan Facility (TALF). Among the revisions are an extension of TALF loans from maturities of one year to three years and an expansion of eligible ABS collateral.

The U.S. Treasury Department purchases a total of \$27.9 billion in preferred stock in 49 U.S. banks under the Capital Purchase Program

**Monday, 22 December 2008:** The Federal Reserve Board approves the application of CIT Group Inc., an \$81 billion financing company, to become a bank holding company. The Board cites "unusual and exigent circumstances affecting the financial markets" for expeditious action on CIT Group's application

**Wednesday, 24 December 2008:** The Federal Reserve Board approves the applications of GMAC LLC and IB Finance Holding Company, LLC (IBFHC) to become bank holding companies, on conversion of GMAC Bank, a \$33 billion Utah industrial loan company, to a

commercial bank. GMAC Bank is a direct subsidiary of IBFHC and an indirect subsidiary of GMAC LLC, a \$211 billion company. The Board cites “unusual and exigent circumstances affecting the financial markets” for expeditious action on these applications. As part of the agreement, General Motors will reduce its ownership interest in GMAC to less than 10 percent

**Monday, 29 December 2008:** The US Treasury unveils a \$6bn bail-out for GMAC the car-loan arm of General Motors.

**Wednesday, 31 December 2008:** The FTSE 100 ends closes down by 31.3% since the beginning of 2008, which is the biggest annual fall in the 24 years since the index was started. The Dax in Frankfurt lost 40.4% while the Cac 40 in Paris dropped 42.7%.

**Monday 5 January 2009:** The Federal Reserve Bank of New York begins purchasing fixed-rate mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac and Ginnie Mae under a program first announced on November 25, 2008.

**Tuesday, 6 January 2009:** House prices in England fell by 15.9% last year, according to the latest survey by the Nationwide building society.

Inflation in the eurozone fell by more than expected in December to 1.6%, from November's figure of 2.1%, according to the EU statistics office Eurostat.

**Wednesday, 7 January 2009:** The sharp slowdown in the US economy will push the federal budget deficit to more than \$1 trillion, the non-partisan Congressional Budget Office (CBO) says.

**Thursday, 8 January 2009:** The Bank of England has cut interest rates to 1.5%, the lowest level in its 315-year history, as it continues efforts to aid an economic recovery.

Commerzbank, Germany's second-biggest bank, has said it is to be partly nationalised, with the government taking a 25% stake, plus one share.

The unemployment rate in Spain hit a 12-year high in 2008 of 3 million, figures show, a further sign of the economic slowdown.

**Friday, 9 January 2009:** More US workers lost jobs last year than in any year since World War II, with employers axing 2.6 million posts and 524,000 in December alone.

South Korea's central bank has slashed interest rates by half a percentage point to a record low of 2.5%, in the latest attempt to fend off recession



Frozen food retailer Iceland has bought 51 former Woolworths stores, and said it plans to create 2,500 new jobs

Spanish industrial output fell by 15.1% in November, compared with the same month one year ago, the biggest fall on record and a sign of a deep recession

**Saturday, 10 January 2009:** The UK economy shrank by 1.5% in the last three months of 2008, its worst performance in 28 years, a think tank has concluded.

**Monday, 12 January 2009:** Gold trading enjoyed a bumper year in 2008 as investors sought a safer place to put their cash as the credit crunch hit home.

Daimler cuts pay as €50bn stimulus sought

**Tuesday, 13 January 2009:** Company bankruptcies in Japan jumped 24.7% in December from a year earlier, as the financial crisis pummelled the world's second-largest economy.

A severe economic slowdown in China is one of the biggest risks faced by the world this year, the World Economic Forum (WEF) has warned

China's exports have dropped into their biggest decline in a decade.

Computer giant Dell is to cut 1,900 of the 3,000 jobs at its manufacturing site in Limerick in the Irish Republic.

Barclays is to cut at least 2,100 jobs globally across its investment banking and wealth management businesses, the BBC has learned.

Struggling US banking giant Citigroup and its rival Morgan Stanley have agreed a deal which sees the tie-up of their brokerage operations.

The US trade deficit dropped to its lowest level in more than five years in November as the economic slowdown led to lower demand for imports

President Bush has asked Congress to release the remaining \$350bn (£236bn) of US financial bail-out funds after a request from Barack Obama.

The stimulus package proposed by President-elect Barack Obama would give the US economy a "significant boost", says Federal Reserve boss Ben Bernanke.

(§German Chancellor Angela Merkel has unveiled an economic stimulus package worth about 50bn euros 67bn; £45bn) to kick-start Europe's largest economy.

**Wednesday, 14 January 2009:** Deutsche Bank has issued a profits warning, saying it made an estimated loss of 4.8bn euros (\$6.4bn; £4.4bn) in the fourth quarter of last year

Nationalised bank [Northern Rock](#) announced today it was only passing on half of last week's interest rate cut to its variable rate mortgage customers.

US retail sales fell by more than expected in December, official figures have shown, as shoppers cut back on spending over the Christmas period.

Germany's economy grew by just 1.3% in 2008 as the global financial slowdown hit demand for its exports.

Nortel Networks, North America's biggest maker of telephone equipment, has filed for bankruptcy protection.

Barclays says it will cut 2,100 jobs from its UK banking business, in addition to the same number of jobs it cut on Tuesday.

In a sign of deepening fragility among the nation's largest banks, the government is preparing to throw a new multibillion-dollar lifeline to [Bank of America](#), several people briefed on the talks said Wednesday, the latest effort to stem a tide of growing losses in the financial system.

China overtook Germany to become the world's third-largest economy in 2007 after the Chinese authorities revised upwards the figures for growth during that year.

Europe debt crisis evident in Greek mire

Gordon Brown and David Cameron trade blows over economic policy

**Thursday, 15 January 2009:** Asian Markets Fall Sharply: The Nikkei 225 index in Tokyo shed 4.9 percent. By midafternoon the Hang Seng in Hong Kong was down 5 percent the benchmark KOSPI in South Korea 6 percent. The key indexes in Singapore and Taiwan were 3.2 and 4.4 percent lower.

JPMorgan Chase ([JPM](#): 26.13, 0.211, 0.81%) posted a drop in fourth-quarter income of 76% even though the company had \$2.6 billion in gains.

French president Nicolas Sarkozy on Thursday called for curbs on dividend payments by French banks and for top executives to renounce any bonuses as conditions for a fresh capital injection by the government.

The European Central Bank decided to lower its main interest rate by half of a percentage point to 2% amid mounting evidence of lower prices and weaker activity

**Friday, 16 January 2009:** Citigroup capped a devastating 2008 by announcing Friday that it would split into two entities and that it had posted an \$8.29 billion loss for the fourth quarter.

Hours after receiving another government lifeline, Bank of America announced gaping fourth-quarter losses on Friday. The bank lost \$1.79 billion in the fourth quarter, down from a gain of net income of \$268 million a year ago, with the reversal caused largely by growing consumer loan losses.

Bank of America's credit-loss provisions surged, while a preliminary loss of \$15.31 billion at Merrill Lynch showed why BofA needed government help.

The Anglo Irish Bank today moved to reassure its UK savers that their money is entirely safe after the bank was dramatically nationalised last night by the Irish government.

Santander speeds up integration of its three British banks

**Monday, 19 January 2009:** The government of Prime Minister Gordon Brown announced on Monday a new bailout for the British financial system that increases its control over lenders, saying it would offer banks insurance on troubled assets and take other measures to restore credit and support the foundering economy.

Britain launched a second bank rescue plan on Monday and Royal Bank of Scotland recorded the biggest loss in UK corporate history, while a cut in Spain's credit rating caused fresh market wobbles.

Royal Bank of Scotland shares have plunged 67% after the bank said it was heading for a record loss.

After a first round of costly bank bailouts and stimulus programs came up short, governments in Europe and the United States are moving more forcefully to assure that bailed-out banks lend more money to offset the recession that has engulfed both continents.

European stock markets declined Monday with banks in free fall as investors fretted over a second British government bailout of the sector in just over three months. Royal Bank of Scotland shares fell 60 percent after it announced significant losses. Germany's DAX was down 0.9 percent, while France's CAC-40 fell 0.7 percent.

Saudi Arabia's central bank has cut two key interest rates, as the Arab economic powerhouse looks to offset a tightening of credit markets stemming from the global financial crisis.

Denmark-based engineering company FLSmidth said Monday it is reducing its work force by 6 percent, or 600 employees, because of the global economic downturn

The eurozone economy will shrink 1.9% in 2009 and grow by only 0.4% in 2010, the European Commission has forecast.

**Tuesday, 20 January 2009:** Big fall in UK inflation to 3.1%.

Asian stocks fell sharply on Tuesday amid renewed fears over the health of the financial sector.

The Bank of Canada, as expected, cut its key interest rate on Tuesday by a half a percentage point to a 50-year low of 1 percent, and predicted a period of falling prices as an economic recession took hold.

John McFall, confidant of Gordon Brown and chairman of the Treasury select committee, called for the complete nationalisation of Lloyds and [Royal Bank of Scotland](#) tonight after shares in both banks crumbled, the pound skidded to a seven-year low against the dollar and government bonds were sold off sharply.

The Italian automaker Fiat agreed on Tuesday to take a 35 percent stake in the struggling American auto company [Chrysler](#), which was forced last month to seek a federal bailout amid fears it might not survive.

The parent company of Clear Channel Communications, struggling in the advertising downturn, announced on Tuesday that it was eliminating 1,850 positions, or about 9 percent of its staff. The dismissals were effective immediately.

**Wednesday, 21 January 2009:** Unemployment in UK leapt closer to the 2 million level in the three months to November as 131,000 people lost their jobs, pushing the jobless total to its highest since September 1997. Jobless rate expected to hit 3 million by 2010

- Bank bail-outs taking a heavy toll on public finances
- Bank of England voted 8-1 to cut interest rates to 1.5%

French government to pump €6bn into ailing car industry

Two of the UK's biggest customer-owned banks are to merge to create a "super-mutual", it was announced today. Co-operative Financial Services and Britannia building society have agreed the deal, which will create a business with £70bn in assets, nine million customers and more than 300 branches.

Britain's public finances took a big hit in December from the government's recapitalisation of Royal Bank of Scotland Group (RBS).

Stocks fell Wednesday in Asia and Europe amid concern for the health of the financial system.

Germany has predicted that its economy will shrink by 2.25% in 2009, which would be its worst performance in the post-World War II era.

**Thursday, 22 January 2009:** Microsoft has said it will cut up to 5,000 jobs over the next 18 months, including 1,400 immediately.

Electronics giant Sony has said it is going to make its first annual loss in 14 years as the global economic slowdown hits demand for its products.

Google, the internet search engine, saw revenue rise and profits fall in the final quarter of last year in what have been seen as positive year-end results.

The number of new cars produced in the UK in December 2008 fell dramatically, according to the Society of Motor Manufacturers and Traders (SMMT).

China's economic growth slowed to 9% last year, its lowest rate of growth for seven years.

**Friday, 23 January 2009:** Samsung Electronics, the world's biggest chip-maker, has recorded its first ever quarterly loss.

Nippon Steel has announced the biggest production cuts in its 40 year history, hit by falling demand from carmakers.

Official data due later is expected to confirm the UK is in a recession for the first time since the early 1990s.

**Monday, 26 January 2009:** Philips cuts 6,000 jobs after first loss in five years. Europe's biggest electronics consumer group reports net €1.5bn (£1.4bn) loss in the final quarter of 2008.

The world's largest drug company, Pfizer, has broken through Wall Street's credit freeze to borrow billions of dollars for a \$68bn takeover of rival Wyeth in the first US corporate deal of its scale since the economic crisis began.

Dutch banking giant ING has said it is to cut 7,000 jobs as it seeks to save 1bn euros (\$1.29bn; £949m).

The [American Express Company](#), the credit card company, said Monday that its profit dropped 79 percent in the fourth quarter as cardholders cut back their spending amid the harsh economy and the company took a significant severance-related charge.

Banking crisis brings down Iceland government.

**Tuesday, 27 January 2009:** Chancellor Angela Merkel's cabinet approved a €50bn (£46.7bn) stimulus package today, the biggest programme in [Europe](#), to tackle overcome the country's deepest economic crisis since the second world war.

The Canadian government has said it will "spend whatever is necessary" to stimulate the country's economy in the midst of the global economic downturn.

Iceland's coalition government has collapsed under the strain of an escalating economic crisis.

Home Price Index Fell Again in November

The Japanese government outlined on Tuesday a plan to inject state money into ailing companies in exchange for equity stakes, a move that echoes the partial nationalization of some troubled financial firms in the United States and Europe.

Verizon's Earnings Rose 15% in Quarter

Mexico's central bank says the amount of money migrants sent home fell 3.6 percent in 2008, the first drop on record.

Chemical maker [DuPont Co.](#) reported a \$629 million loss for the fourth-quarter Tuesday due to lower sales and a hefty restructuring charge, and cut its earnings forecast for 2009.

**Wednesday, 28 January 2009:** Starbucks shuts 300 more stores.

Santander offers to compensate private banking clients in Madoff case.

World economic growth is set to fall to just 0.5% this year, its lowest rate since World War II, warns the International Monetary Fund (IMF).

Spain's economy is in recession for the first time since 1993, according to figures from the Spanish central bank.

**Thursday, 29 January 2009:** President Barack Obama let rip at troubled Wall Street banks yesterday for paying out billions of dollars in bonuses to staff, accusing them of displaying "the height of irresponsibility" and of letting down the American people.

Bank of England to use £50bn of taxpayers' money to ease credit crunch.

After closing the books on a \$14.6 billion loss in 2008 — the worst annual result in its 105-year history — Ford Motor Company said Thursday that it would draw the last \$10.1 billion from its lines of credit to add to its cash hoard so that it could survive the increasingly bleak vehicle market.

Latest Reports Indicate Economy Is Getting Worse

**Friday, 30 January 2009:** US economy slows at fastest pace in 26 years.

Japan heads for worst recession since second world war.

Honda shuts UK factory for four months.

Hitachi is to cut up to 7,000 jobs, as it warned it expects to make an annual loss of 700bn yen (\$7.8bn; £5.5bn) because of a big fall in global sales.

Iceland will be put on a fast track to joining the European Union to rescue the small Arctic state from financial collapse amid rising expectations that it will apply for membership within months, senior policy-makers in Brussels and Reykjavik have told the Guardian.

Tribune's LA Times to cut 300 jobs, including 70 editorial positions.

Unemployment across the nations that share the euro rose to its highest level in more than two years last month, as more firms laid off staff.

**Saturday, 31 January 2009:** Governments across Europe tremble as angry people take to the streets.

**Monday, 2 February 2009:** France's Prime Minister Francois Fillon has unveiled a series of measures worth 26bn euros (\$33.1bn; £23.5bn) designed to "revitalise" the French economy.

Japan's top share index fell 1.5% in Monday trading, after several leading companies warned of steep losses.

Russian economic growth slowed considerably in 2008 as the boom in commodity prices came to an end, official estimates have shown.

China has reported a budget deficit of 111bn yuan (\$16.2bn;£11.5bn) in 2008 after a big increase in government spending to boost the economy.

**Tuesday, 3 February 2009:** Australia's government has announced a 42bn Australian dollar (\$26.5bn; £19bn) stimulus plan, targeting infrastructure and those on low incomes. The country's central bank also cut interest rates to 3.25% - the lowest level in 45 years.

The EU and Canada have warned that a clause in the US economic recovery package could promote protectionism.

The number of people out of work in Spain increased by 199,000, or 6%, in January from the previous month, official figures show.

**Wednesday, 4 February 2009:** Japanese electronics group Panasonic is to cut 15,000 jobs and close 27 plants worldwide as it seeks to reduce costs.

The Icelandic retail investor Baugur, which owns stakes in Hamleys, House of Fraser and Iceland supermarkets, has asked for protection from creditors.

**Thursday, 5 February 2009:** Deutsche Bank says it made an annual loss last year, its first since being restructured after World War II.

The European Central Bank (ECB) has kept interest rates unchanged at 2%, but has left open the option of cutting rates at its next meeting in March.

The average price of UK homes rose by 1.9% in January from December's figure, according to the Halifax.

The Bank of England has reduced interest rates to a record low of 1% from 1.5%, in an attempt to boost the shrinking economy.

**Friday, 6 February 2009:** French President Nicolas Sarkozy has defended his plans to revive the French economy, saying state intervention with banks has so far cost people nothing.

France's trade deficit hit 55.7bn euros (\$71.4bn; £48.6bn) in 2008, due to high oil prices and the slowing economy, the customs office said.

German industrial output has seen a record fall after a sharp contraction in manufacturing activity.



The Congressional Oversight Panel says the government overpaid for distressed financial assets and shares last year.

**Monday, 9 February 2009:** Nissan to cut 20,000 jobs worldwide

**Wednesday, 11 February 2009:** The heads of Wall Street's biggest banks will confront a potentially hostile congressional committee today with a defiant message that their institutions are lending money and that they have spent taxpayers' funds appropriately.

Credit Suisse today reported a record full-year loss of 8.2bn Swiss francs (£4.91bn) after suffering losses of 14.2bn francs at its investment bank in 2008.

Swiss banking giant UBS AG announced more staffing cuts at its investment-banking operation, saying it would cull more than 2,000 jobs as it reported the largest annual loss ever by a Swiss company.

Sweden's central bank lowered its key interest rate Wednesday to a record-low 1%, and said further monetary policy loosening may lie ahead as the economic outlook continues to darken.

**Friday, 13 February 2009:** Congress on Friday approved a \$787 billion economic stimulus measure, meeting the crushing mid-February deadline that Democrats had set for adopting the centerpiece of President Obama's early agenda but without quelling partisan divisions in Washington. Not a single House Republican voted for the bill.

Europe sank even deeper into recession than the United States in the closing months of last year, according to figures published Friday, as finance ministers of leading industrialized nations gathered in one of the worst-affected countries, Italy, for discussions on the crisis.

Euro zone GDP dips 1.5% Germany, France and Italy all suffer in the quarter, weighing on hopes for recovery.

A shock profits warning by Lloyds Banking Group knocked 32% off the bank's share price today and raised speculation that the taxpayer may be forced to take a majority stake in the banking giant created with the intervention of Gordon Brown.

February's level falls back to November lows, as a majority think the economic downturn will last five more years.

Closures in Nebraska, Florida, Illinois and Oregon bring the number of bank failures to 13 this year as the financial crisis continues to roll.

**Saturday, 14 February 2009:** Euro-Zone Economy Registers a Grim Performance GDP Shrank an Annualized 5.9% in Fourth Quarter, Ratcheting Up Pressure on Governments, Central Banks

Finance ministers from The Group of Seven industrialized nations pledge to fight rising protectionism during the global economic downturn.

**Monday, 16 February 2009:** India's government has said its budget deficit will surge this year, calling the situation "worrying".

**Tuesday, 17 February 2009:** US President Barack Obama has signed his hard-fought economic stimulus plan in Denver, after Congress approved the \$787bn (£548bn) package last week.

Chancellor Alistair Darling has announced that the government is limiting bonuses paid out to staff by the Royal Bank of Scotland (RBS).

Texan billionaire and cricket promoter Sir Allen Stanford has been charged over a \$8bn (£5.6bn) investment fraud, US financial regulators say.

**Wednesday, 18 February 2009:** The German cabinet has agreed on a draft law that will allow it to temporarily nationalise troubled banks.

The European Commission has taken disciplinary steps to tackle swelling budget deficits in six EU countries.

The US Federal Reserve has cut its economic forecasts for 2009 and considered setting an inflation target, minutes from its meeting have shown.

President Barack Obama has revealed a long-awaited plan to tackle the US housing crisis, aiming to help up to nine million families.

UBS has agreed to pay \$780m (£549m) to the US government to settle allegations that it defrauded US tax authorities, the Justice Department has said.

About 7.2 million people in Asian countries are likely to lose their jobs in 2009 amid the global downturn, a UN report has suggested.

Troubled US carmakers GM and Chrysler have asked the US government for another \$21.6bn (£15.2bn) in support, on top of the \$17.4bn already received.

**Thursday, 19 February 2009:** The recession led to a £7bn fall in the amount of tax paid by individuals and businesses in January, data shows.

The head of the International Monetary Fund has told the BBC that he expects more countries to request financial aid to survive the global slowdown.

Swiss bank UBS has refused a US government demand to provide information on 52,000 US clients.

Peru and Venezuela have become the latest countries to intervene in local banks controlled by the Stanford group as it faces fraud accusations.

**Friday, 20 February 2009:** Mining giant Anglo American has said it is to cut an additional 9,000 jobs as the global economic downturn hits demand for raw materials.

Nearly 70% of multinational companies in China plan to cut recruitment this year, and more than a quarter have laid off staff already, a survey suggests.

Germany has approved a 50bn euro (\$63bn, £44bn) stimulus plan aimed at boosting Europe's largest economy.

FBI agents in the US state of Virginia have served Texan billionaire Sir Allen Stanford with civil legal papers from the US financial watchdog, the SEC

US consumer prices climbed in January, the first rise since July, after energy prices picked up.

**Saab in Bankruptcy Filing; G.M. Seeks More Aid**

**Saturday, 21 February 2009:** Caribbean regulators have taken over the Bank of Antigua, owned by the Stanford group, amid fraud accusations.

**Sunday, 22 February 2009:** European leaders in Berlin have agreed on the need to regulate all financial markets including hedge funds.

UK may get cash injection 'soon'. A government minister has suggested that plans to inject more cash into the economy could happen "quite soon".

Asian finance ministers plan to extend an emergency currency fund, hoping to boost their economies and better protect them from the financial crisis.

**Monday, 23 February 2009:** The finance minister Christine Lagarde said Monday that the French government would inject up to 5 billion euros, or \$6.4 billion, into the bank that would be formed from the merger of Caisse d'Épargne and Banque Populaire, through the purchase of [bonds](#) that could be converted into shares.

Sarkozy adviser may head merged banking giant

**Tuesday, 24 February 2009:** Fed Chairman Says Recession Will Extend Through the Year

Best hope is recovery in 2010, Ben Bernanke tells US Congress

Ford Executives Cut Own Pay 30% for 2 Years.

[Vodafone](#) confirmed yesterday that it is to cut about 500 jobs in Britain, making it the latest corporate heavyweight to slash its workforce in the face of the recession

TomTom, Europe's largest maker of satellite navigation devices, has lost its way, announcing a plunge into the red today after over-paying for digital cartographer Tele Atlas and seeing consumer demand for satnav modules dry up.

Stockmarkets around the world fell today after grim trading in New York, where the Dow Jones index closed at its lowest level for 12 years.

**Wednesday, 25 February 2009:** [Japan](#)'s exports fell by 46 percent in January, and Hong Kong's economy contracted 2.5 percent in the last three months of 2008, further signs that the economic downturn in Asia is set to drag on through this year

Britain sank deeper into [recession](#) in the second half of last year than had been thought, official figures revealed today.

**Thursday, 26 February 2009:** Part-nationalized British banking group RBS announced massive losses for 2008, totaling \$34.6 billion Thursday. The results are the worst in British corporate history.

Citigroup is nearing an agreement with federal regulators to increase the government's stake in the bank to as much as 40%, according to a published report.

Brussels looks at Europe-wide bank regulation

**Friday, 27 February 2009:** The U.S. government will boost its control over Citigroup under a deal to convert up to \$25 billion in government-held preferred shares in the bank to common equity, a person familiar with the deal said Friday

The US economy shrank at an annual rate of 6.2% in the last three months of 2008 official figures show, a far sharper fall than previously reported.

Data from US and Japan triggered fears that the downturn has turned into the worst slump since the 1930s

The taxpayer could end up with a near 75% stake in Lloyds Banking Group it emerged today after the UK's biggest high street bank admitted the HBOS mortgage lender it rescued had incurred £10.8bn of losses last year.

The banking sectors in Central and Eastern Europe are to get a 24.5bn euro (\$31bn; £21.8bn) rescue package to support them in the economic crisis.

The biggest challenge facing China is not slowing growth but unemployment, which could trigger social unrest, a Chinese government minister has said.

**Sunday, 1 March 2009:** Steep Market Drops Highlight Despair Over Rescue Efforts

**Monday, 2 March 2009:** Mortgage lending slumped by 60% in January with the net value of new loans falling to just £690m, figures from the Bank of England showed today.

The crisis-stricken insurance company AIG has crashed to the biggest corporate loss in US history, with a deficit of \$61.7bn, after suffering devastating liabilities on policies to protect banks against bad loans.

Financial crisis hits world markets

HSBC Seeks \$18 Billion in Capital and Cuts 6,100 Jobs

German carmaker Opel is in talks with the country's economy minister about a 3.3bn-euro (£2.93bn; \$4.16bn) cash injection from the government.

Japan Slips 3.8%, Led by Banks

UK firms have shown a slight rise in short- and mid-term confidence as they accept the realities of the recession, a survey of 11,000 firms suggests.

**Tuesday, 3 March 2009:** Most Asian stock markets extended their slump Tuesday after unremitting troubles at financial giants like American International Group and HSBC sent Wall Street tumbling to new multiyear lows overnight.

After a volatile day's trading, US and European markets closed lower on Tuesday as investors continued to fear for the health of the global economy.

Canada's central bank has cut its key interest rate from 1% to 0.5%, a record low, as it tries to stem the effects of the global economic downturn.

The number of unemployed people in Spain jumped by 154,058 in February, as the deepening recession forced companies to lay off more workers.

Toyota's financing unit is in talks with a Japanese government-backed bank on possible lending, the automaker said Tuesday, underlining the serious woes facing the car industry amid plunging global sales.

Sales of new German cars jumped by almost a quarter in February, as a cash bonus for scrapping old cars encouraged consumers to buy new ones.

February Auto Sales Seen Hovering At 27 - Year Lows

As it reported a 70% drop in 2008 net profit, HSBC Holdings PLC unveiled a plan to raise £12.5 billion (\$17.9 billion) in capital it is counting on to ride out the financial storm's impact on Asia and a U.S. consumer-lending market it plans to exit.

For AIG, a Buy-and-Hold Strategy :U.S. Resigned to Long Stewardship After Failing to Sell Insurer in Piec

The European divisions of General Motors (GM) could collapse within weeks without European governments' help, GM's top executive has warned.

**Wednesday, 4 March 2009:** Japan's parliament has passed legislation to give a cash hand-out to every resident in attempt to boost the recession-hit economy.

Australia's economy has shrunk for the first time in eight years, raising fears that the country may be heading for a recession.

The central banks of the Czech Republic, Bulgaria, Poland, Romania and Slovakia have issued a joint statement defending their economies.

**Thursday, 5 March 2009:** The Malaysian government has unveiled plans to spend another 10bn ringgit (\$2.7bn; £3.3bn) in a further attempt to revive the nation's economy.

Asian shares jumped on Thursday after Chinese premier Wen Jiabao gave details of his stimulus package and predicted 8% growth for China this year.

The Bank of England has cut interest rates to 0.5% - a fresh all-time low - and says it will now boost the money supply to help revive the economy.

The European Central Bank (ECB) has cut its key interest rate to 1.5% from 2.0%, the lowest since it started setting euro rates in January 1999.

**Friday, 6 March 2009:** The US jobless rate jumped in February to 8.1%, according to official figures from the Labor Department.

German carmaker Opel should consider entering insolvency, the country's interior minister has said.

Fortis Bank, which is owned by the Belgian government, has warned that it will report bigger-than-expected losses for the last three months of 2008.

Satyam approved to sell 51% stake

Most European shares fell after the release of US unemployment data, which sent New York's Dow Jones down slightly adding to Thursday's losses.

**Monday, 9 March 2009:** The financial crisis wiped \$50 trillion (£35tn) off the value of financial assets last year, the Asian Development Bank (ADB) said.

Japan's current account recorded its largest deficit on record in January, reaching 172.8bn yen (\$1.8bn; £1.2bn). It was its first deficit in 13 years.

The last major Icelandic bank left standing after the country's financial collapse in October is being closed down by the financial authorities.

The global economy will shrink this year for the first time since World War II, the World Bank has said.

The pound has sunk back below \$1.40 to a six-week low, as confidence in the UK economy took yet another knock following falls in bank shares

**Tuesday 10 March 2009:** US Federal Reserve chief Ben Bernanke says the world is suffering from the worst financial crisis since the 1930s.

The world economy is likely to shrink for the first time in decades this year, the head of the International Monetary Fund (IMF) has warned.

The Irish Republic's economy will shrink by more than 6% this year, the country's top central banker has said.

German export earnings fell by a fifth in January as the world's largest exporter was hit hard by a drop in demand for its goods overseas.

Trading on Syria's stock exchange has officially begun, marking a crucial step as the country liberalises its state-controlled economy.

Britain's retailers suffered falling sales in February, partly as a result of the heavy snow, according to the British Retail Consortium (BRC).

Malaysia's government has unveiled a 60bn ringgit (\$16.27bn; £11.7bn) economic stimulus plan as it seeks to stave off a deep recession.

Brazil suffered its biggest quarterly decline in economic output for more than a decade in the final three months of last year, official figures show.

**Wednesday, 11 March 2009:** Chinese exports plunged by more than a quarter in February from a year ago as the world's third-largest economy was hit by a drop in demand for its goods.

The Government Pension Fund of Norway suffered a 633bn kroner (\$92bn; £66bn) loss on its investments in 2008.

Department store group John Lewis has said its profits declined last year amid "deteriorating conditions".

Toyota cuts UK pay and output by 10%

Bank of England starts £2bn spending spree

Barroso defends EU's handling of economic crisis



UBS revises 2008 losses higher

Asian markets took up where US and European markets left off and surged ahead after news that Citigroup made a profit in the first two months of 2009.

**Thursday, 12 March 2009:** German factory output fell by a record 7.5% in January, its biggest drop since reunification in 1990.

US carmaker General Motors has said it will not need the \$2bn (£1.45bn) of funding it had previously requested for March from the government

BMW's profits tumble nearly 90%

Madoff admits \$50bn fraud scheme

**Friday, 13 March 2009:** The White House has sought to assure China that its \$1 trillion (£0.7tn) in investments in the United States is safe despite the economic downturn.

China is ready to introduce new economic stimulus measures "at any time", Premier Wen Jiabao has said.

Australia's second largest investment bank, Babcock & Brown, has gone into administration after it was unable to deal with its massive debt levels.

Nikkei climbs on stimulus hopes

**Saturday, 14 March 2009:** Finance ministers from the G20 group of rich and emerging nations have pledged to make a "sustained effort" to pull the world economy out of recession.

**Tuesday, 17 March 2009:** Sri Lanka will not accept any conditions on a loan from the International Monetary Fund (IMF), the island's president has said.

**Wednesday, 18 March 2009:** The US Federal Reserve says it will buy almost \$1.2 trillion (£843bn) worth of debt to help boost lending and promote economic recovery.

The World Bank has cut its prediction for China's economic growth in 2009 from 7.5% to 6.5%, saying it could not "escape the impact of global weakness".

**Thursday, 19 March 2009:** World economy 'to shrink in 2009'

US lawmakers in the House of Representatives have voted in favour of a bill to levy a 90% tax on big bonuses from firms bailed out by taxpayers.

The G20 summit is close to agreement on new, tougher principles to regulate the world's financial system.

Inflation in India has fallen to its lowest rate in at least 14 years as the global economic slump hits demand.

The dollar has fallen against all major currencies after the US Federal Reserve announced a plan to buy \$1.2tn (£843bn) of debt to boost its economy.

**Friday, 20 March 2009:** Eurozone industrial output plunged by 3.5% in January compared with the previous month, the biggest decline since records began in 1990.

The US budget deficit will hit \$1.8tn (£1.25tn) this year, a record amount, according to US Congress estimates.

The head of the Organisation for Economic Cooperation (OECD) has said that the world economy is likely to shrink this year.

EU leaders have urged the G20 leading economies to double the money available to the International Monetary Fund to help countries in financial difficulty.

**Saturday, 21 March 2009:** US insurance giant AIG paid out a total of \$218m (£150m) in bonuses after accepting bail-out cash, according to a senior US official.

**Sunday, 22 March 2009:** A key adviser within US President Barack Obama's administration says she is "incredibly confident" the US economy will recover within 12 months.

**Monday 23 March 2009:** The US has announced details of a plan to buy up to \$1 trillion (£686bn) worth of toxic assets to help repair banks' balance sheets.

Four top bosses at French bank Societe Generale have handed back thousands of stock options, after public criticism and a call from the government.

The Daily Mail and General Trust (DMGT) is to cut 1,000 jobs as the advertising slump continues to hurt newspapers.

Global trade flows are set to shrink by 9% during 2009, according to a forecast by the World Trade Organization (WTO).

**Tuesday, 24 March 2009:** The International Air Transport Association says airlines will make losses of \$4.7bn (£3.2bn) in 2009, 88% more than the body's initial forecast.

Bank of China has reported a 58% fall in net profits during the October to December quarter to 4.5bn yuan (\$659m; £449m).

Banking leaders from around the world have told the UK prime minister and chancellor to go slow on banking reform ahead of the G20 summit next week.

Asian shares gained ground in Tuesday trading, having taken heart from a US plan to deal with banks' toxic assets.

Nine of the top 10 recipients of bonuses from US insurance giant AIG have agreed to return them, New York's attorney general says.

China's central bank has called for a new global reserve currency run by the International Monetary Fund to replace the US dollar.

**Wednesday, 25 March 2009:** Barack Obama has told Americans he sees signs of economic recovery, but urged them to be patient and look beyond their "short-term interests".

The International Monetary Fund has announced major reforms of its lending procedures to member states

Japan's exports saw a record plunge in February, falling by nearly half compared with a year earlier, according to the country's finance ministry.

The International Monetary Fund (IMF) and other lenders have agreed in principle to provide Romania 20bn euros (£18.4bn; \$27bn) in aid.

**Thursday, 26 March 2009:** The Irish Republic's economy has suffered its largest contraction in recent decades.

UK Prime Minister Gordon Brown has called for a \$100bn (£69bn) global fund to underwrite world trade as his pre-G20 summit tour continues in Brazil.

The search engine company Google is planning to cut nearly 200 marketing and sales jobs in its second set of lay-offs this year.

**Friday, 27 March 2009:** Retail sales in Japan saw their biggest fall in seven years in February, adding to fears of a deepening recession.

The New Zealand economy shrank at its fastest rate in 17 years in the last three months of 2008.

China is ready to contribute extra funds to the International Monetary Fund (IMF), the country's vice premier, Wang Qishan, says.

Commerzbank has warned its 2009 earnings will be badly affected, as it revealed its toxic assets totalled more than 50bn euros (£46.9bn; \$68bn).

**Sunday, 29 March 2009:** France's biggest carmaker, PSA Peugeot Citroen, has sacked its chairman weeks after it announced huge losses and a massive programme of job cuts.

**Monday, 30 March 2009:** President Barack Obama has given US carmakers General Motors (GM) and Chrysler strict deadlines to restructure before getting more aid.

Spain's decision to rescue a regional savings bank has sent financial stocks in the country lower.

Russia's Prime Minister Vladimir Putin has said that Lada-owner Avtovaz could be bailed out by the government

Stock markets have fallen worldwide amid worries over the depth of the financial crisis and persistent problems in the US car industry.

The head of Germany's railway company, Deutsche Bahn, is stepping down after the company admitted spying on thousands of its employees.

Barclays says it has decided not to participate in the government's insurance scheme for toxic assets.

The Nationwide is to buy the Dunfermline Building Society's branches, good loans and deposits, it has been confirmed

The chief executive of struggling US car company General Motors has been ordered to step down by US President Barack Obama.

**Tuesday, 31 March 2009:** Germany's unemployment rate rose to 8.6% in March as the global economic downturn continued to tighten its grip on Europe's largest economy

Japan's unemployment rate has risen to a three-year high as companies continue to slash jobs.

The Irish Republic's top sovereign credit rating has been cut by Standard & Poor's (S&P).

China and Argentina have made a tentative agreement to swap \$10bn (£7bn) worth of their currencies.

Fortis, once the largest bank in Belgium and the Netherlands, has said it made a net loss last year of 28bn euros (£26bn).

**Wednesday, 1 April 2009:** Unemployment across the eurozone rose to its highest level in almost three years in February as the economic downturn continues to tighten its grip.

Japan's business confidence drops

Honda has announced a sweeping programme of cost cutting measures in North America as it continues to struggle with a slump in sales.

France and Germany have called for tougher regulation for the world's financial system at the G20 summit.

**Thursday, 2 April 2009:** One of the world's largest reinsurers, Swiss Re, plans to cut 10% of its workforce, or 1,150 jobs, over the next year as it seeks to reduce costs.

Leaders of the world's largest economies will shortly announce an agreement worth around \$1.1 trillion to tackle the global financial crisis.

**Friday, 3 April 2009:** The US dollar rose briefly above 100 yen in Asian trading on Friday, the first time it had done so since early November 2008.

UK house prices fell by 1.9% in March compared with the previous month, according to the Halifax.

The number of people employed in the US fell by 663,000 in March, according to figures from the Department of Labor.

The Bank of Spain has predicted that the country's rate of unemployment will reach 17.1% in 2009 and 19.4% in 2010.

**Monday, 6 April 2009:** Japan is to implement another fiscal stimulus plan of more than 10tn yen (\$99bn; £66bn) to fight the recession.

February's fall in eurozone retail sales was unexpectedly severe amid shrinking consumer spending.

World stock markets started the week on a positive note, extending recent gains on hopes that worst may now be over for the world economy.

February's fall in eurozone retail sales was unexpectedly severe amid shrinking consumer spending.

**Tuesday, 7 April 2009:** The eurozone economy shrank more than previously estimated in the last three months of 2008, official figures say.

**Tuesday, 21 April 2009:** The Indian central bank has cut a key interest rate as it aims to boost the economy, which is slowing in the face of the global economic recession.

**Tuesday, 28 April 2009:** The Lithuanian economy shrank by 12.6% in the first quarter of 2009 compared with the same period last year, the country's statistics office has said

**Wednesday, 29 April 2009:** The German government says the country's economy will shrink 6% this year, in a dramatic revision to its earlier forecast of a 2.25% decline.

The US economy continued to contract in the first quarter of 2009, led by the biggest fall in exports for 40 years.

The US Federal Reserve has kept interest rates on hold at its current range of between zero and 0.25%, and suggested the recession may be easing.

**Thursday, 30 April 2009:** Unemployment across the 27 EU member states reached 20 million in March.

Industrial output in Japan rose in March for the first time in six months, according to government figures.

US carmaker Chrysler has filed for Chapter 11 bankruptcy protection, and has formed an alliance with Fiat, President Obama has said.

**Friday, 1 May 2009:** Japan's economy has fallen back into deflation for the first time in more than a year, new data for March shows.

The number of people being declared bankrupt in England and Wales has hit a new record, according to the government's Insolvency Service.

US manufacturing activity fell further in April - but at a slower pace - figures from the Institute for Supply Management (ISM) have suggested.

Mitsubishi UFJ, Japan's biggest bank, is warning investors it will make a net loss of 260bn yen (\$2.6bn, £1.7bn) in 2009 after revising its forecast.

**Monday, 4 May 2009:** EU economies will contract by 4% in 2009, the European Commission has forecast - more than twice what it predicted at the start of the year.

President Barack Obama has proposed outlawing offshore tax-avoidance techniques in a move that could hit US corporations with overseas divisions.

The number of people claiming unemployment benefits in Spain rose in April, but by the smallest amount in nine months, official data has shown.

Italian carmaker Fiat has begun efforts to win support for its plan to take over General Motors' European business, which includes Vauxhall and Opel.

**Tuesday, 5 May 2009:** German car sales climbed 19% in April compared with the same time a year ago, as a trade-in plan to scrap old cars continued to encourage purchases.

General Motors' European plants in peril over Fiat bid

**Wednesday, 6 May 2009:** Carmaker Porsche has proposed closer ties with fellow German manufacturer Volkswagen Group after weeks of talks between the two firms' management.

The UK recession could be the worst since the early 1930s, a leading economic research body has predicted.

Bank of America comes up \$34bn short in stress test

Profits at entertainment giant Walt Disney have fallen 46%, as some of its films disappointed at the box office.

**Thursday, 7 May 2009:** The European Central Bank (ECB) has cut interest rates in the eurozone to a record low of 1%, down from 1.25%.

The Bank of England has kept interest rates on hold at 0.5% and announced that it will inject an extra £50bn into the UK economy.

Troubled US carmaker General Motors has announced a loss of \$6bn (£3.98bn) for the first three months of this year as a massive slump in sales hit revenues.

President Barack Obama has said he aims to cut \$17bn (£11bn) from next year's US government budget, saying he had found examples of "stunning" waste.

Barclays Bank has announced a sharp rise in profits in the first three months of the year despite a jump in bad debts during the financial crisis.



UK car sales fell by 24% in April compared with the same month last year, the latest industry figures have shown.

Video games firm Nintendo has posted an 8.5% rise in its net annual profits.

**Sources:**

- <http://www.guardian.co.uk/business/2008/oct/08/creditcrunch.marketturmoil>
- <http://www.foxbusiness.com/story/markets/economy/timeline-financial-crisis/>
- <http://www.iht.com/articles/ap/2008/09/19/america/Financial-Meltdown-Timeline.php>
- <http://news.bbc.co.uk/2/hi/business/7521250.stm>
- Wall Street Journal